

Pennsylvania Public Utility Commission v. Veolia Water Pennsylvania, Inc.
Docket Nos. R-2024-3045192 (water) and R-2024-3045193 (wastewater)

What is a settlement?

A settlement is an agreement between participants in a case before the Pennsylvania Public Utility Commission (PUC) to stop litigating and propose a negotiated outcome of the case to the PUC. Once participants agree to settle, the parties to the settlement submit the terms of their agreement to the Administrative Law Judges (ALJs) assigned to the case.

Other participants in the case who are not party to the settlement may provide support or objections to the settlement once it has been submitted to the ALJs. The ALJs, after receiving the comments, then decide whether they should recommend that the PUC adopt the settlement because it is in the public interest or reject the settlement if it is not. The PUC, based on the recommendation from the ALJs and any exceptions to the ALJs' recommendation filed by any party, then either approves the settlement, which ends the proceeding, or rejects the settlement and reopens the case. A settlement agreement can only be approved by the PUC if it finds that the settlement is in the public interest.

Why did the OCA agree to settle this case?

In deciding whether to settle a case or fully litigate a case, the OCA weighs the potential benefits gained for consumers against the risk of higher rates if the case were fully litigated. The OCA believes that if this case had been litigated, the result would likely have been worse for consumers than what was negotiated in the Settlement. However, even if the PUC had granted Veolia's rate increase request at the lowest possible amount, the PUC's decision would likely not also have contained other protections and improvements for customers. This includes Veolia's agreement not to request another rate increase until November 1, 2025, at the earliest.

In recent years, the PUC has often approved rate increases higher than the OCA has recommended and less often required the utility to respond to concerns that the OCA raises about customer billing, low-income customer assistance, and quality of service issues. When a case is fully litigated, there is no guarantee that the PUC will adopt the OCA's positions, particularly where the utility and other parties disagree. On the other hand, when the OCA settles a case, we have greater control over the outcome (although even with a settlement, the PUC could decide to reject or modify the settlement) because we are offering the PUC one position agreed to by all the parties. By settling the case, we have tried to limit the amount of rate increase, while ensuring that the Company must provide positive benefits to its customers.

What would have happened if the OCA did not settle the case?

The ALJs assigned to this case would hear the OCA and other parties' arguments and issue a Recommended Decision detailing their findings and recommendations to the PUC. The parties would have a chance to respond by filing "exceptions" that argue for or against the Recommended Decision. Next, the PUC would evaluate the parties' arguments and the ALJs' recommendations, and issue an Order approving, denying, or modifying the Recommended Decision. That final Order is what dictates the rate increase that will be allowed and any conditions required.

What consumer benefits are contained in the settlement?

If fully accepted by the PUC, the Settlement provides that:

- Veolia will be allowed to increase its total annual revenue by \$10.9 million for the water division and \$420,000 for the wastewater division. If approved, the rate increase would take effect on November 1, 2024. This is less than was requested by Veolia and the OCA believes that it is likely less than would have been given if the case were fully litigated.
- Veolia will not be permitted to file for another water or wastewater rate increase until sometime after November 1, 2025.
- The monthly water bill for the typical residential customer using 3,500 gallons of water per month would increase for each division as follows:

Division	Present Rates	Settlement Rates	Settlement Percentage Increase
Main	\$49.94	\$57.65	16%
Bethel	\$22.92	\$30.43	33%
Overbrook	\$27.22	\$38.18	40%
Kensington	\$30.12	\$34.42	14%
Mahoning	\$30.22	\$41.86	39%

- The flat rate for Mahoning wastewater customers would increase as follows:

Division	Present Rates	Settlement Rates	Percentage Increase
Mahoning	\$56.20	\$75.25	34%

- Veolia will maintain complete data regarding customer complaints, work order and service logs. The complaint log will include all formal and informal complaints received by the Company whether submitted to the PUC or directly to the Company. The Company will also work with the active parties to the case to create a key list of words for the complaints that Veolia will search.
- Veolia will implement other requirements which will improve the quality and reliability of water service. Veolia will paint certain identified fire hydrants to indicate minimum fire flow criteria and will continue its survey of hydrants to determine that all its fire hydrants can provide the minimum fire flow criteria. If any fire hydrants of concern are identified, Veolia will collaborate with local fire protection agencies to identify solutions to benefit public safety.

- Veolia will inspect water tanks more than 15 years old and water tanks that have not been repainted at the 20-year mark using a tank inspection contractor who will submit a report to the Company.
- Veolia will provide customer notices of proposed rate increases for systems that have been acquired since the last rate case that will include the bill impacts for such systems.
- For certain customers impacted by a security breach incident in January 2024, Veolia will extend the complimentary Experian IdentityWorks credit monitoring services for an additional three (3) months. Also, Veolia is sending a second notification to those impacted persons to inform them of the three-month extension to enroll. In the event of a future breach, Veolia will notify affected customers of the breach, and include a description of the incident, what personal information was breached, and a list of the steps that customers could take to protect their information going-forward.
- In order to improve affordability, Veolia will implement a four tier, low-income Customer Assistance Program (CAP) and an arrearage management program for customers with incomes at or below 200% of the Federal Poverty Level within 180 days of the effective date of rates.
- Veolia will also implement a plumbing and leak repair program. The plumbing program will install the conservation kits if the customer agrees.
- Veolia will analyze census-based estimated low-income data for its wastewater districts to determine the number of households in poverty and termination and arrearage data for wastewater customers. Veolia will provide a report on the need for and feasibility of extending its program to wastewater customers and will provide the results to its Low-Income Advisory Committee.
- Veolia will continue to contribute \$35,000 per year shareholder contribution to the existing Veolia Cares hardship program for water and wastewater customers. Unspent funds will continue to roll over and be added to the available program budget for the following year. Grants for wastewater customers will be increased from \$150 to \$300.
- The Company's low-income advisory committee will meet twice a year to discuss and solicit input on the CAP including outreach. For the first two meetings after the rate case, the Company will discuss and solicit input regarding opportunities and challenges related to: (1) identifying leaks for CAP participants before they are in threat of termination; and (2) leak repair program accessibility for CAP customers who are not in threat of termination.
- Veolia will complete a comprehensive review of its tariff to ensure that the language and citations are consistent with applicable laws and the PUC's regulations and will file a compliance tariff if further changes are necessary for compliance.

Because the rate increase in the Settlement is close to the best possible scenario of what we would have expected after litigation, and because the above benefits would likely not have been required by the PUC after litigation, the OCA agreed to the Settlement.

What happens now with the Settlement?

At this time, a Joint Petition for Settlement has been submitted to the Administrative Law Judges who have been overseeing this proceeding from its beginning. The Joint Petition for Settlement contains the Settlement itself and Statements in Support of the Settlement from each of the active parties in this proceeding. The ALJs will review the Settlement and the Statements in Support from each party and release a Recommended Decision (RD) that either: (1) approves the Settlement in full, (2) modifies the Settlement, or (3) rejects the Settlement. Once the RD is issued, all active parties to this proceeding will have a chance to comment on the RD by filing exceptions. Parties will typically only do this if they disagree with something in the RD. Finally, the PUC will review the RD and any exceptions and publish an Opinion and final Order in this proceeding.

While we stand by the litigation positions set forth in our testimony in this proceeding, settling this case allowed us to ensure that certain customer benefits would be implemented at a rate increase that is within the range of what we expect the PUC would have approved anyways. Now, we await the ALJs' RD.

I filed a Formal Complaint and want to Object to or Support the Settlement. How do I do that?

Customers who filed Formal Complaints have until **4:00 p.m. on August 14, 2024**, to file a letter objecting to or supporting the proposed Settlement. Those letters will be considered by the ALJs and PUC. If customers have questions about how to do this, they can contact the OCA at consumer@paoca.org or 1-800-684-6560.

Whether or not a customer files a letter, they will have an additional opportunity to provide input. When the RD is released, it will be emailed to customers who filed a Formal Complaint and they can file Exceptions to all or part of the ALJ's recommendations. Customers can contact the OCA with questions about the RD or how to file Exceptions.

When will we know if the PUC accepts, modifies, or rejects the Settlement?

The PUC will likely rule on the settlement at its Public Meeting on November 7, 2024

When will these rate increases go into effect?

If approved by the PUC, the new rates would go into effect in November 1, 2024.¹

¹ In this case, the suspension date was extended to November 21, 2024, which will allow the PUC to act at the November 7, 2024 Public Meeting, although it is possible the PUC could act sooner at a Public Meeting in October 2024.

What can I do now to begin preparing for these rate increases?

You can act now to monitor and conserve water usage in and around your home. For example, take shorter showers – a few minutes makes a big difference. Installing a low-flow shower head can reduce the amount of water you use while showering by as much as 50 percent. Turn off the tap while brushing your teeth, shaving, or washing dishes. Run dishwashers and washing machines only when full, using water-saving cycles and appropriate load sizes. Consider water and energy-efficient appliances, water-saving showerheads, toilets, and faucet aerators. These changes may also help you save money on other utility bills, such as gas and electricity.

Check your home for leaks periodically. Even the smallest leak can cause the loss of thousands of gallons of water each month, resulting in waste and an unnecessarily high bill. Indoors, look for dripping faucets, toilets that keep draining and refilling, and puddles or water marks on the floor around a refrigerator, dishwasher, washing machine, hot water tank. Outdoors, look for soft spots on your lawn which can indicate leaks in the service line or sprinkler system. The faster you notice a problem and address it, the faster it can be fixed.

What can I do if I cannot afford the rate increases?

Veolia has a Veolia Cares hardship fund for water and wastewater customers who qualify. You can contact Veolia at (888) 299-8972 or online at [cares.veolia.org](https://www.veolia.org).

You may also enter into a payment arrangement with Veolia. Under the Public Utility Code, all customers with an unpaid balance are able to enter into a payment arrangement with their utility service provider, which prevents the utility from terminating the customer's utility service for a past due balance as long as the customer is able to meet their monthly billing requirement under the payment arrangement. If you believe that you may not be able to pay your bill by the due date, contact Veolia at (888) 299-8972 before the due date to discuss a potential payment arrangement.

If you are facing termination of service and someone in your household has a medical condition that would be made worse without water or wastewater service, you may provide Veolia with a Medical Certification. A Medical Certification signed by a physician, physician's assistant, or nurse practitioner can stop Veolia from terminating your water or wastewater service for up to 30 days at a time and can be renewed as long as you remain current on your monthly bills. You will not be responsible for paying towards your past due balance for as long as your termination is suspended under a Medical Certification, though the balance will remain until it is paid off. The Medical Certification Form is available on the PUC's website at: https://www.puc.pa.gov/media/1779/standard_medical_certificate_form.docx. For more information on preventing disconnection or restoring service with a medical certificate, the PUC's Medical Certificate Guidance factsheet is available on the PUC's website at https://www.puc.pa.gov/media/1778/medical_certificate_guidance.docx. You may contact Veolia at (888) 299-8972 with questions regarding their process for submitting a Medical Certification.